

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
1998 Biennial Regulatory Review – Streamlined	)	CC Docket No. 98-171
Contributor Reporting Requirements	)	
Associated	)	
With Administration of Telecommunications	)	
Relay Service, North American Numbering	)	
Plan, Local Number Portability, and Universal	)	
Service Support Mechanisms	)	
	)	
Telecommunications Services for Individuals	)	CC Docket No. 90-571
With Hearing and Speech Disabilities, and the	)	
Americans with Disabilities Act of 1990	)	
	)	
Administration of the North American	)	CC Docket No. 92-237
Numbering Plan and North American	)	NSD File No. L-00-72
Numbering Plan Cost Recovery Contribution	)	
Factor and Fund Size	)	
	)	
Number Resource Optimization	)	CC Docket No. 99-200
	)	
Telephone Number Portability	)	CC Docket No. 95-116
	)	
Truth-in-Billing and Billing Format	)	CC Docket No. 98-170

**COMMENTS OF  
AMERICAN PUBLIC COMMUNICATIONS COUNCIL**

The American Public Communications Council (“APCC”) submits these comments on the Commission’s Wireline Competition Bureau Staff Study of Alternative Contribution Methodologies (“Staff Study”).<sup>1</sup> APCC limits its comments to clarifying

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<sup>1</sup> These comments are submitted in response to the Commission’s Public Notice, FCC 03-31, (Feb. 26, 2003) in the above captioned proceedings, 68 Fed. Reg. 10724 (Mar. 6, 2003). The comment date initially was set as March 31, 2003, but subsequently was postponed to April 18, 2003. Order, DA 03-1009 (Mar. 27, 2003).

the record on two payphone-related assumptions included in the Staff Study: (1) the assumption regarding decline in independent company payphone lines; and (2) the assumption that all payphone connections will be presubscribed to an interexchange carrier.

With regard to the decline in payphone lines, Staff assumed that “payphone lines will continue to decline sharply, with ILEC lines declining by 15 percent per year *and independent payphone company lines declining by 2 percent per year.*” Staff Study at 13 (emphasis added). APCC disagrees that independent payphone service provider (“PSP”) lines have decreased by only two percent per year. Based on information from APCC’s independent PSP members, the decline in independent PSP lines has been and is expected to be significantly greater than two percent per year. The Staff’s projections are based on data provided by the National Payphone Clearinghouse; although APCC does not quarrel with the overall payphone deployment trends shown by the data,<sup>2</sup> it does not find the data as to the rate of decline in independent PSP payphones to be credible. APCC will attempt in the pending rulemaking proceeding on the per call rate for dial-around compensation<sup>3</sup> to provide definitive data on independent PSP payphone deployment trends.

With regard to payphone lines and presubscription, the Staff assumes that “all payphone . . . connections will be *presubscribed* to an interexchange carrier.” Staff

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<sup>2</sup> Based on the data available in the study (worksheet 5), the rate of decline in payphone deployment is accelerating. Payphone deployment decreased by approximately 3 percent between March 31, 1999 and March 31, 2000 (from 2.12 to 2.06 million payphones); by approximately 7 percent between March 31, 2000 and March 31, 2001 (from 2.06 to 1.92 million payphones) and by almost 11 percent between March 31, 2001 and March 31, 2002 (from 1.92 to 1.71 million payphones).

<sup>3</sup> *Request to Update Default Compensation Rate for Dial-Around Calls from Payphones*, RM No. 10568, DA-02-2381 (Sept. 30, 2002).

Study at 17 (emphasis added). Because the Staff, in the same paragraph, contrasts “presubscribed” to “no-PIC status,” the Staff appears to use the term “presubscribed” here to mean “PIC’d”<sup>4</sup> to an interexchange carrier. The fact of the matter is that most independent PSP payphones are not PIC’d to an interexchange carrier. For fraud protection reasons, independent PSPs purposely have chosen not to PIC their payphones to an interexchange carrier. This practice dates back approximately 10 years to measures adopted by independent PSPs to protect against claims by interexchange carriers for fraudulent calls placed from or to payphones.<sup>5</sup> Accordingly, the Staff should revise its study to reflect that independent PSP payphones fall within the no-PIC category (and thus, under proposal 2 of the Commission’s December 2002 order,<sup>6</sup> would

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<sup>4</sup> The term “PIC” is an abbreviation for “presubscribed interexchange carrier” or “primary interexchange carrier.” See, e.g., *Joint Application by BellSouth Corporation, BellSouth Telecommunications, Inc. and BellSouth Long Distance, Inc. for Provision of In-Region, InterLATA Services In Georgia and Louisiana*, 17 FCC Rcd 9018, 9187 (2002)(“presubscribed interexchange carrier (PIC)”); *Application by SBC Communications Inc., Pacific Bell Telephone Company, and Southwestern Bell Communications Services Inc., for Authorization To Provide In-Region, InterLATA Services in California*, 17 FCC Rcd 25650, n.258 (2002)(“primary interexchange carrier (PIC)”). In the context of a subscriber’s line being “PIC’d” to a particular carrier, the terms “presubscribed interexchange carrier” and “primary interexchange carrier” appear to be used interchangeably in the Commission’s orders.

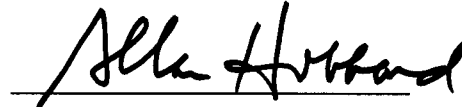
<sup>5</sup> In *United Artists Payphone Corporation v. New York Telephone Company and AT&T*, 8 FCC Rcd 5563 (1993), AT&T had sought to collect charges from a complainant independent payphone service provider, United Artists (“UA”), for allegedly unauthorized interstate and international calls that were either originated or accepted at complainant’s payphones. UA prevailed in the case arguing successfully that it had not ordered service from the interexchange carrier (AT&T). One of the factors the Commission considered in determining if UA had ordered service was whether there was some act “to establish a relationship with and receive service from AT&T, such as presubscription . . . that would indicate an intention that AT&T service be available from UA payphones.”

<sup>6</sup> *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order and Second Further Notice of Proposed Rulemaking, 17 FCC Rcd 24952, ¶ 89 (2002).

be subject to revenue-based rather than connection-based assessments for the transport portion of the connection).<sup>7</sup>

Dated: April 18, 2003

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Allan Hubbard", is written over a horizontal line.

Albert H. Kramer

Allan C. Hubbard

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<sup>7</sup> See Staff Study at 17.